GTAH **Mayors & Regional Chairs Group**
Co-Chairs: Roger Anderson, Region of Durham
David Miller, City of Toronto

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October 8, 2004

Clerks of GTAH Municipal Councils

REGION OF YORK
CLERK'S OFFICE
FILE No. - P04

7 · Chair
· CAO
· S. Cartwright

Dear Municipal Clerk,

On October 1, 2004 the Greater Toronto Area and Hamilton Mayors and Regional Chairs Group passed the following resolution:

That:

1) the 75/25 formula for allocation of the Federal fuel tax for investment in roads and transit, as proposed by the Hub Cities, be endorsed;

2) copies of the "Hub City Mayors' Summit Communiqué – Key Facts", the "Mayors Summit Communiqué – Sept. 18, 2004", and this motion be circulated to the GTAH Councils and the Province for their consideration and

3) GTAH municipal councils be requested to endorse the 75/25 fuel tax allocation formula proposed by the Hub City Mayors.

Please note that model text is attached to assist your Council in drafting a locally appropriate resolution.

Yours truly,

Roger Anderson

Roger Anderson
Co-Chair of the GTAH Mayors and Regional Chairs Group

Att.

Contact Address: Office of the Regional Chair & CAO
Regional Municipality of Durham
605 Rossland Road East, Whitby, Ontario, L1N 6A3
905-668-7711 ext. 4207

Model Resolution re: 75/25 Federal Fuel Tax Allocation Formula

Whereas the Federal government is committed to concluding gas tax revenue sharing agreements with each province by the end of 2004 for the purpose of providing Canada's municipalities with a new source of stable, predictable funding; and

Whereas Canadians believe that the fuel tax they pay should be used primarily (if not exclusively) for investment in roads and transit;and

Whereas the amount of federal fuel tax revenue each province and territory receives should be commensurate with the demands placed on local transportation and public transit networks in that province or territory;

Therefore be it resolved that:

The (municipality) of ____ endorses the federal fuel tax allocation formula proposed by the Hub City Mayors at the Summit held in Toronto on September 18, 2004, whereby 75% of the amount of federal fuel tax revenue allocated to each province is based on its share of the total amount of fuel sold in Canada, with the remaining 25% based on each province's share of national transit ridership.

And, further, that copies of this resolution be sent to the Prime Minister of Canada, the Minister of Finance, the Minister of State (Infrastructure and Communities), Members of Parliament from (this municipality) and (local business associations, Chambers of Commerce as appropriate).

Hub City Mayors' Summit Communiqué – Key Facts

The Formula:

The Hub City Mayors agreed on a formula for how the federal government should allocate federal fuel tax revenues to the provinces and territories.

The mayors agreed that 75% of the amount to be allocated to each province should be based on each province's share of the total amount of fuel sold in Canada, with the remaining 25% based on each province's share of national transit ridership.

What the Mayors' Formula means for Ontario:

The mayors' formula benefits Ontario because it emphasizes transit ridership and consumption-based criteria, not population.

If the mayors' formula were adopted, Ontario would receive about 42% of federal fuel tax revenues. If the population-based "13/87" formula were adopted, Ontario would receive only 34% of federal fuel tax revenues.

	Ridership % (R)	Population% (P)	Volume % (V)		13%R / 87%P % Share	25%R / 75%V % Share
AB	8.53	9.91	13.2	**AB**	9.62	12.03
BC	11.56	13.02	11.8	**BC**	12.33	11.74
MB	2.48	3.73	3.2	**MB**	4.25	3.02
NB	0.31	2.43	1.8	**NB**	3.11	1.43
NF	0.21	1.71	1.4	**NF**	2.49	1.10
NS	1.05	3.03	2.3	**NS**	3.64	1.99
ON	**43.65**	**38.02**	**41.2**	**ON**	**34.08**	**41.81**
PQ	31.30	24.12	21.3	**PQ**	21.98	23.80
PEI	-	0.45	0.3	**PEI**	1.39	0.23
SK	0.88	3.26	3.0	**SK**	3.84	2.47
TER	0.03	0.31	0.5	**TER**	3.27	0.38

Source: Ridership (R) data from the Canadian Urban Transit Association (CUTA)

Source: Population (P) data from the 2001 census

Source: Volume (V) data from "Filling the Infrastructure Gap: Updated for 2003", a report prepared for the Canadian Taxpayers Federation, May, 2003

Rationale for the Formula:

Canadians believe that the federal fuel tax they pay should be used (primarily, if not exclusively) for investment in roads and transit. So do Canada's hub city mayors.

If applied, the formula proposed by the mayors will ensure that the amount of money each province receives is commensurate with the demands placed on the local transportation and public transit networks in that province.

Equity:

The appropriate way for the Federal government to address inter-regional and inter-provincial disparities in Canada is through equalization grants, not through the allocation of federal fuel tax revenues.

The population-based formula that the Federal government has been considering ("13/87") bears no relationship to the demands placed on the municipal public transit and transportation systems in each province.

Investment (within each province) in Transit:

How provinces allocate the money they receive among municipalities in their province is a separate question.

The Mayors agreed that each province should dedicate at least 25% of any federal fuel tax revenue it receives to investment in public transit, provided that public transit is identified by local governments in that province as a priority.

Mayors' Summit Communiqué

Saturday, September 18, 2004

The mayors of Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City and Halifax Regional Municipality applaud the Government of Canada for beginning to recognize, in word and deed, the significance of Canada's major urban centres to the nation's prosperity and well-being.

In particular, we commend the Government of Canada's decision to:

- Provide a down payment on the New Deal for Canada's cities by rebating 100% of the GST paid by municipalities.

- Provide a voice for the interests and needs of Canada's cities at the Cabinet table by appointing the Hon. John Godfrey as the Minister of State for Infrastructure and Communities.

We are similarly encouraged by Prime Minister Paul Martin's commitment to invest in children, families and affordable housing.

Yet much more work must be done if Canadians are to secure the full benefits of a New Deal that appropriately realigns the resources, responsibilities and roles of the Federal, provincial and municipal governments.

It is essential for the New Deal to reflect the distinct contribution that Canada's largest cities make to the nation's well-being as dynamic centres of economic growth, culture and innovation. Stronger government-to-government-to-government partnerships between the nation's major hub cities and the Federal and Provincial governments are needed to strengthen Canada's position in a highly competitive global economy.

To this end:

FUEL TAX (GAS and DIESEL)

We call on the Federal government, in the upcoming Speech from the Throne and 2005 Budget, to provide Canada's municipalities with five (5) cents per litre of the federal fuel excise tax. A schedule for sharing the fuel tax revenue must be set out in the Speech from the Throne, with at least 2.5 cents/litre in 2005 (approximately $1.25 billion), ramping up to the full 5 cents/litre ($2.5 billion) by 2007.

- Agreement(s) on sharing federal fuel tax revenues with municipalities must be finalized by the end of 2004. This timeline is consistent with Prime Minister Paul Martin's May 28, 2004 speech to the Federation of Canadian Municipalities and his June 11, 2004 remarks at the National Forum on Economic Growth of the Big Cities in Canada.

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- Federal fuel tax revenue sharing agreements must enhance local autonomy, support long-term planning, provide municipalities with a new source of revenue in line with the demands placed on their local transit and road systems, and recognize the unique costs Canada's largest cities face in maintaining sustainable infrastructure networks (e.g. transit, transportation and water) of regional, provincial and national significance.

- The allocation of federal fuel tax revenues should reflect the following six (6) principles:

  1. **New revenue source**: Federal fuel tax revenue is a net new source of funding for Canada's municipalities. There can be no claw-back of funds that would otherwise be made available to municipalities. The Federal government should provide on-going strategic infrastructure programs.

  2. **Enhance local autonomy**: Municipalities may use fuel tax revenues to address local sustainable infrastructure priorities, primarily public transit and transportation infrastructure.

  3. **Respect provincial jurisdiction** and government-to-government-to-government partnership agreements. Respecting provincial jurisdiction, allocation mechanisms accommodate existing or future government-to-government-to-government partnership agreements. Each Province's share of fuel tax funds shall be held in trust until its agreement with the Federal and Municipal governments is concluded.

  4. **Demand-based**: The federal allocation of fuel tax revenue to the provinces should be based 75% on fuel consumption and 25% on transit ridership. At least 25% of each province's share should be dedicated to public transit infrastructure, where identified as a municipal priority.

  5. **Strategic Investment**: Sustainable municipal infrastructure (e.g. public transit, transportation and water systems) of regional, provincial and national significance is funded with fuel tax revenues in a strategic manner.

  6. **Equity**: Provincial and regional disparities in Canada should be addressed through equalization grants, not through the allocation of federal fuel tax revenues.

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LOW-COST, HIGH IMPACT ACTIONS THE FEDERAL GOVERNMENT CAN TAKE TO STRENGTHEN CANADA'S CITIES:

We also urge the Federal government to implement a series of low-cost, high impact measures to immediately strengthen the social, environmental, economic and cultural foundations of Canada's cities:

Policy Domain	Target Program Area	Recommended Action
Environmental	Public Transit	Amend the federal *Income Tax Act* to make employer-provided transit passes a tax-exempt benefit.
Environmental	Solid Waste Management	Implement national packaging regulations to minimize solid waste and support healthier, cleaner, greener municipalities
Social	Affordable Housing	Under the Federal affordable housing program, increase the amount of money available to non-profit groups for project development funding
Social	Affordable Housing	Direct CMHC to be more flexible in providing mortgage insurance for developments on brownfield sites
Social	Seniors	Automatically enrol eligible seniors for GIS and maintain GIS benefits based on income tax returns
Economic	Municipal Finance	Direct CRTC to eliminate restrictions on municipalities charging utility and telecom companies rent/fee for use of municipal property
Cultural	Heritage Properties	Convert the Commercial Heritage Properties Incentive Fund to a tax credit program

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WHAT THE MAYORS WILL DO:

To demonstrate our commitment to working in partnership with the Federal and Provincial governments to build a more prosperous, innovative, sustainable and caring nation, the mayors of Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City and Halifax Regional Municipality agree to:

- Ensure that local residents and businesses understand how municipal financial and legislative arrangements established by the Federal and Provincial governments impact the quality of life and competitiveness of their city.

- Focus public and political attention on the need for Canada's cities to retain a share of tax revenues that grow with the economy.

- Improve intergovernmental collaboration in each of Canada's major urban centres by convening, at regular intervals, meetings of Federal, Provincial and local elected officials. A key objective of such meetings will be to assess and support the development of government-to-government-to-government partnership agreements.

- Report to local residents and the Federal and Provincial governments, at regular intervals, on how funds obtained through our cities' participation in fuel tax revenue sharing agreements supports the attainment of national and provincial sustainability objectives.

- With our colleagues in the Big City Mayors Caucus (BCMC), establish inter-municipal working groups on (I) growth tax revenue sharing (II) affordable housing, (III) public transit, and (IV) immigration, with a mandate to:

    - develop meaningful benchmarks and share best practices and information to ensure that Canada's largest cities learn from each other and make the best possible use of existing resources

    - commission research to assist comprehensive policy development and effective implementation

    - provide federal and provincial officials with a responsive, representative, focused contact point through which to engage the perspectives of Canada's major urban centres when developing policies, programs and budgets that impact the nation's largest cities

September 18th, 2004

Hub City Mayors united

Agreement reached on formula and timeline for sharing federal fuel tax

(Toronto) - A two-day meeting of Canada's ten hub cities, chaired by Toronto Mayor David Miller, concluded today with a clear plan for reinvesting in public transit and urban infrastructure, based on swift delivery of the federal fuel (gas and diesel) tax.

The mayors unanimously agreed that the federal allocation of the fuel tax revenue to each province must be based on the following formula: 75% of the funding will reflect fuel consumption, and 25% of the funding will reflect transit ridership. A minimum of 25% of each province's share must be dedicated to public transit infrastructure, where it is a municipal priority.

The mayors also agreed that a schedule for sharing the fuel tax revenue must be set out in the Speech from the Throne, with at least 2.5 cents/litre in 2005, ramping up to the full 5 cents/litre by 2007. Each cent of the fuel tax is equal to about 500 million dollars.

"We've given the federal government the next step in the new deal for Canada's cities," said Mayor Miller. "This new source of revenue will provide support for economic development and investment in the country's urban centres. There's no doubt that this will improve quality of life for the residents of our cities, and empower the country's economic engines."

Agreements on sharing federal fuel tax revenues with cities must be finalized by the federal government and the provinces by the end of 2004, the mayors said.

The full text of the mayors' communiqué and a group photograph is available at Canada Newswire at www.newswire.ca.

Mayors and representatives at the summit were:
Vancouver – Mayor Larry Campbell
Calgary – Mayor Dave Bronconnier
Edmonton – Councillor Allan Bolstad
Regina – Mayor Pat Fiacco
Winnipeg – Mayor Sam Katz
Toronto – Mayor David Miller
Ottawa – Mayor Bob Chiarelli
Montréal – Mayor Gérald Tremblay
Quebec City – Mayor Jean-Paul L'Allier
Halifax Region – Mayor Peter Kelly

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See over for contact information:

Andrea Addario, Office of Mayor David Miller, 416-738-4329 (cell)
Patchen Barss, Office of Mayor David Miller, 416-527-3486 (cell)
Kevin Sack, City of Toronto Corporate Communications, 416-917-6515 (cell)
Geoff Meggs, Office of Mayor Larry Campbell, Vancouver, 604-315-1737
Marc Henry, Office of Mayor Dave Bronconnier, Calgary, 403-862-2027
Mayor Bill Smith/Councillor Allan Bolstad, Edmonton, 780-721-8555 (cell)
Lisa Wilson-Sturm, Office of Mayor Pat Fiacco, Regina, 306-537-9015
Ryan Craig, Office of Mayor Sam Katz, Winnipeg, 204-770-4005
Alf Chaiton, City of Ottawa 613-286-9467 (cell)
Jean Séguin, Office of Mayor Gérald Tremblay, Montréal, 514-578-4440 (cell)
François Moisan, Communications Officer, Québec City, 418-641-6411 ext. 2527
Mayor Peter Kelly, Halifax Regional Municipality, 902-222-9999 (cell)